



# Public Service Commission of Wisconsin

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Chief, Rules and Directives Branch  
Mail Stop TG-D59  
Nuclear Regulatory Commission  
Washington, D.C. 20555-0001

Re: Comments on NUREG-1577, Rev. 1, Draft Supplement to Standard Review Plan,  
Decommissioning Funding Insurance for Power Reactors  
69 Fed. Reg. 43,278 (July 19, 2004)

Dear Sir or Madam:

The Public Service Commission of Wisconsin is pleased to respond to your request for comments on the draft Supplement to Standard Review Plan you have prepared, which proposes criteria for evaluating the use of insurance policies to provide decommissioning funding assurance under 10 CFR 50.75. Under 10 CFR 50.75(a), funding for the decommissioning of electric power reactors is subject to dual regulation by both the federal and state governments. The state of Wisconsin has vigorously exercised this responsibility for over 30 years, regulating decommissioning in order to protect ratepayers since the earliest days of nuclear power in Wisconsin, and well before the federal government asserted its decommissioning authority. Wisconsin has also taken a very conservative approach to decommissioning, to ensure that these costs are fully funded. For example, in 1985 the Public Service Commission (Commission) ordered the owners of Kewaunee Nuclear Power Plant and Point Beach Nuclear Plant to change their accounting methods and use external sinking trusts as their sole means of accruing decommissioning funds. The Commission established both qualified and nonqualified trusts, specifying that no funds could be released from these trusts without its prior approval. Since that date, the Commission has maintained ongoing supervision over the amounts collected from ratepayers and over permissible fund investments.

The current operating license of Kewaunee will expire in 2013, while those of the two units at Point Beach expire in 2010 and 2013. Because of the Commission's active and conservative regulation, funding levels for each of these plants are already sufficient to pay the site-specific costs of full decommissioning to greenfield status.

The Commission is vitally interested in continuing this state regulation of decommissioning funding. Wisconsin needs the ability to decide for itself whether insurance is an acceptable alternative to external sinking funds. The Commission recommends that the NRC do nothing that might compromise the ability of states to protect their citizens from the costs of

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decommissioning. It is essential that the Commission retain authority to determine what forms of financial assurance meet Wisconsin's circumstances and will work best for Wisconsin.

The Commission is also concerned that insurance not become a means of diluting the real financial assurance of nuclear plants nationwide. Establishing the financial solvency of private insurers is not one of the NRC's principal areas of strength. These third-party guarantors of financial assurance, which have no direct or indirect recourse to the ratepayers who receive electricity from a plant, may be more likely to fail if the plant's decommissioning costs are unexpectedly high. The bankruptcy of an insurer raises the possibility that taxpayers throughout the country will be tapped to pay unrecovered costs of decommissioning some plant. This would be a liability of taxpayers residing in every state. This could be a particular problem for single-owner insurance pools, because state Insurance Commissioners may view these as a form of self-insurance whose risks fall entirely upon the owner.

To protect the citizens of Wisconsin, insurance should not be allowed for any U.S. plant unless it is as real a form of financial assurance as every other allowable type of decommissioning funding.

Thank you for considering these comments.

Sincerely,



Lynda L. Dorr  
Secretary to the Commission

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cc: Robert Norcross  
David Ludwig